

FSC Statement on 2014 Federal Budget

The 2014-15 Commonwealth Budget will make a substantial contribution to restoring long term budget sustainability according to the Financial Services Council.

John Brogden, CEO of the Financial Services Council said: “The budget will control spending and secure growth. It's also the first budget in years where superannuation has not been the target of tinkering.”

“Raising the pension age to 70 years by 2035 is an important, necessary and reasonable reform given the increasing life expectancy of Australians,” Mr Brogden said.

“Many Australians starting work today will live for more than one century. It is critical that the increased life expectancy of Australians is the driver for Age Pension and superannuation policy, so future generations of taxpayers are not burdened with the cost of an ageing population.”

“The government needs to match the Age Pension increase with an increase in preservation age to 65.”

Mr Brogden also said that keeping older people in the workforce is imperative if Australians are to self-fund their retirement.

He said having older workers in employment is important for the economy.

“Giving employers an incentive of \$10,000 to hire older Australians who have been on income support for at least six months is a positive step towards ensuring people are employed for longer.”

“The retirement savings of Australians are increased by \$200 billion for every year a person remains in the workforce,” Mr Brogden

said.

The government has also paused the Superannuation Guarantee Charge at 9.5 per cent for another year until 2018.

“The government has delivered on its commitment to make no negative changes to existing superannuation arrangements,” Mr Brogden said.

“Importantly, they have committed to deliver on 12% super. However, the pause at 9.5 per cent for an extra year s disappointing.”

The FSC has welcomed the increase in the superannuation contributions cap to \$30,000 per annum for working Australians under 50.

“This shows a commitment to help Australians self-fund their retirement,” Mr Brogden said.

“Superannuation is already doing its job saving the government \$5.7 billion in Age Pension costs this year.”

At \$1.75 billion, superannuation funds in Australia have an appetite to invest in infrastructure. The government has opened up an opportunity to build a pipeline of infrastructure investment for Australians.”

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